

VZCZCXRO2410  
RR RUEHDE RUEHDIR  
DE RUEHMS #0153/01 0511144  
ZNR UUUUU ZZH  
R 201144Z FEB 08  
FM AMEMBASSY MUSCAT  
TO RUEHC/SECSTATE WASHDC 9290  
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE  
RUEHBJ/AMEMBASSY BEIJING 0036  
RUEHHI/AMEMBASSY HANOI 0012  
RUEHJA/AMEMBASSY JAKARTA 0022  
RUEHKT/AMEMBASSY KATHMANDU 0021  
RUEHML/AMEMBASSY MANILA 0042  
RUEHNE/AMEMBASSY NEW DELHI 0300  
RUEHC/DEPT OF LABOR WASHDC

UNCLAS SECTION 01 OF 02 MUSCAT 000153

SIPDIS

SENSITIVE  
SIPDIS

STATE FOR NEA/ARP, G/TIP, DRL  
DEPARTMENT OF LABOR FOR JRUDE

E.O. 12958: N/A

TAGS: [ELAB](#) [ECON](#) [MU](#)

SUBJECT: EXPATRIATE LABOR RETAINS SIGNIFICANT PRESENCE IN  
OMAN

¶1. (SBU) Summary: The number of expatriate workers in Oman grew in 2007, particularly among low and semi-skilled workers. Oman continues to rely on India for the bulk of its private sector workforce, but increasingly is looking to other countries as sources for labor. Contacts suggest that Oman also has a growing population of undocumented workers, which likely will continue to increase as Oman's economy expands. End summary.

- - - - -  
More Expats in Oman  
- - - - -

¶2. (U) Labor statistics released by the Ministry of National Economy show a substantial rise in 2007 in the number of foreigners working in Oman. In December 2007, there were 638,447 registered foreign workers, a 25% rise from the 510,700 that the Ministry reported in December 2006. By comparison, Omani citizen participation in the private sector - measured by employees registered with the Public Authority for Social Insurance - rose only 15% to 131,775. By the end of 2007, expatriates accounted for 80-85% of the country's private sector workforce. By contrast, according to the latest government statistics, foreign labor accounted for only 15% of the approximately 140,000 civilian and non-security service public sector workforce.

- - - - -  
Competition for Skilled Workers  
- - - - -

¶3. (SBU) Contacts say that the overall increase in Oman's expatriate workforce masks a decline in the entry of skilled workers from India, Oman's primary labor source. (Note: The Indian Chief of Mission in Muscat (protect) recently told the Ambassador there are 432,000 registered Indian workers living in Oman, up from 388,000 in 2006. End note.) Oman is engaged in a competition for high-skilled expatriates with other countries in the Gulf Cooperation Council (GCC) and South Asia, and India's engineers, technicians and managers are in high demand. Contacts in government and business report that skilled Indians often command higher wages than Oman's market can bear. As a result, fewer of them are coming to Oman. The Ministry of Manpower's (MOM) Director General of Employment recently told poloff that Oman currently is facing an acute shortage of engineers -- jobs

that skilled Indians traditionally filled. Minister of Manpower Juma bin Ali al Juma noted to the Ambassador during a recent meeting that with Indians increasingly choosing to work in other labor markets, skilled workers are becoming "harder to find."

14. (SBU) The drop in the supply of skilled Indian workers is creating opportunities for other labor exporting countries to enter the Omani labor market. In his meeting with the Ambassador, Juma stated that Oman actively is looking for additional sources of labor to address the private sector's needs and is recruiting from non-traditional sources such as Vietnam and Nepal. He added that he expects China to gain a larger presence in the Omani labor market and become a lower-cost source of skilled labor. (Note: A Chinese diplomat told poloff that there are approximately 1,000 Chinese nationals in Oman, most of whom work for Chinese state-owned companies in the oil and gas sector. End note.) In addition, the Philippine labor attache informed poloff that demand for skilled Filipino workers has increased recently, particularly in areas seeing major new project development such as the northern port city of Sohar.

- - - - -  
Increase in Low-Skilled Workers  
- - - - -

15. (SBU) The Ministry of National Economy's statistics indicate that Oman's economy continues to be heavily dependent on expatriate workers to carry out menial and physically demanding labor. Sectors that employ low and semi-skilled workers were the biggest drivers of the increase in Oman's expatriate population. The construction sector added 65,206 new expatriates to the workforce and accounted

MUSCAT 00000153 002 OF 002

for 35% (221,432) of the total population of foreign workers. The wholesale/retail and manufacturing sectors together brought approximately 22,000 foreign laborers to Oman in 2007, increasing their shares of the expatriate workforce to 20% and 11%, respectively. Domestic and agricultural workers each accounted for approximately 10% of the expatriate workforce.

16. (SBU) Contacts say that the composition of this low-skilled workforce is gradually changing, due in part to new minimum contract wage regulations that some labor exporting countries have adopted. Demand for Filipina maids decreased, contacts claim, after their government instituted a minimum wage of 160 OR (USD 400) in March 2007 for all new foreign employment contracts. Other countries also instituted higher contract wages for their nationals but kept them below the rate established by the Philippines, which helped to increase their share of the market. A consular officer in the Indonesian Embassy in Riyadh, which has responsibility for Oman, said that the number of Indonesians living and working in Oman has increased despite the fact that Indonesia raised its minimum contract wage requirement to 75 OR (USD 200) from 58 OR (150 USD) in October 2007. He claimed that while Oman reports an official number of just over 18,000 Indonesians in country, the number of new employment contracts he has approved suggests that the actual number likely exceeds 20,000 -- 90% of whom are housemaids. India has the lowest minimum wage required for contract approval at 50 OR (USD 130) plus 15 OR (USD 40) for food, which has kept demand for low-skilled Indian workers high.

- - - - -  
Comment  
- - - - -

17. (SBU) The growth in expatriate labor captured by the Ministry of National Economy's statistics likely will continue. In light of its growing economy and ambitious diversification plans, Oman needs foreign workers in skilled and unskilled positions to maintain its current activities in

tourism and manufacturing and especially to carry out the physically demanding work in sectors like construction. The statistics do not capture the full size of the expatriate population, however. Illegal, undocumented workers also are contributing to Oman's economy. The Indian Chief of Mission told the Ambassador, for instance, that there may be as many as 80,000 undocumented Indian workers in Oman. The population of illegal workers likely will increase along with the number of documented laborers as Oman's economy continues to expand.

GRAPPO